



**Ford Motor Credit Company**  
**David L. Korman**  
Executive Vice President – General Counsel  
(313) 594-7743 / [dkorman@ford.com](mailto:dkorman@ford.com)

May 10, 2004

Ms. Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

**Via e-mail ([regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov))**

RE: Docket No. R-1187  
Regulation V (Fair Credit Reporting Act)

Dear Ms. Johnson:

Please accept this letter in response to the proposed revisions to Regulation V relating to Section 217 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act). Ford Motor Credit Company (Ford Credit) is one of the largest automotive financial services companies in the world. We believe our company has been at the forefront of improved consumer disclosures and consumer education, as evidenced by our Credit Drives America training programs.

The Model Notice

Ford Credit agrees that the proposed model notice is concise and meets the requirements of notifying the customer of the most serious negative information that could be supplied to the credit bureau. Many creditors already notify customers of the possibility that negative information may be supplied to consumer reporting agencies. For instance, today Ford Credit includes the notice on its invoice that "... you are hereby notified that a negative credit report reflecting your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligation." To us, this notice stresses more than does the model notice that the customer has the ability to control the negative credit reports by meeting the obligor's credit obligations. This is an important educational point for customers, and our preference would be to have a model notice that more clearly states this. One suggestion would be to have a model notice that states "We [may provide]/[have provided] information to credit bureaus about your performance on your account, which may include negative information if you fail to fulfill your obligations on the account." This notice is educational and customer friendly.

Clarification for Distributing the Notice

We also request that guidance be provided on other aspects of the negative credit reporting notice. For instance, Section 217 of the FACT Act is clear that the negative credit report notice must be sent to all customers. This would include cobuyers and cosigners. Most states with similar negative credit reporting requirements consider the requirement satisfied for cobuyers if notice is sent to the buyer and the cobuyer resides at the same address. In the FACT Act, a suggested method for providing the notice is to include it on an invoice. Because invoices are typically addressed to the buyer, clarification is needed that this is adequate notice to any cobuyer at the same address. In addition, while the FACT Act is clear that the notice requirement cannot be satisfied by including the notice with the initial Truth In Lending disclosures, clarification should be provided on whether the notice could be included on an application for credit. This is a cost effective means of notifying buyers and cobuyers of important information prior to obligating themselves in a transaction. This could assist in making cobuyers, in particular, more aware of their obligations in the transaction.

Thank you for the opportunity to comment on these proposals. Please feel free to contact me at (313) 594-7743 if you have questions or would like further information.

Sincerely,

A handwritten signature in black ink, appearing to read "David Korman", with a long horizontal flourish extending to the right.

David L. Korman  
Executive Vice President and General Counsel  
Ford Motor Credit Company